

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7723**

**BILL NUMBER:** HB 2071

**DATE PREPARED:** Mar 1, 1999

**BILL AMENDED:** Feb 25, 1999

**SUBJECT:** Marion County public safety consolidation.

**FISCAL ANALYST:** Mark Bucherl, Bob Sigalow

**PHONE NUMBER:** 232-9869, 232-9859

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires a referendum allowing voters of Indianapolis to: (1) consolidate the Indianapolis Police Department with the Marion County sheriff's department and establish the Marion County sheriff as the exclusive law enforcement authority for the county and the city; and (2) consolidate fire protection service into the Marion County fire department under the control of the Marion County Fire Commission. It provides that if the law enforcement referendum question passes, the Marion County sheriff is the exclusive police force of the county and the city.

This bill provides that if the fire protection referendum passes, the fire departments of the city and the townships within the county are eliminated and fire protection authority is consolidated with the Marion County fire department. This bill also allows Speedway, Lawrence, Southport, and Beech Grove to opt into: (1) the Marion County law enforcement consolidation; and (2) the fire protection consolidation. It also makes other specific changes.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) This bill requires that voters in Marion County vote in a special election for whether police and fire protection services should be consolidated under single organizations. The special election would not increase election expenses since a new ballot has to be printed for the general election.

## Consolidation Expenditure Considerations

Depending on the outcome of the referendum, all of the city police departments stated in the bill would become consolidated under the Marion County Sheriff. Also, all township fire departments, the Indianapolis Fire Department (IFD) and excluded city departments could become consolidated under this proposal (excluded cities may opt into this proposal by resolution). The following costs and savings considerations apply.

**Police Officers Pensions:** Although benefits would remain the same for firefighters, police officers of the consolidated and excluded cities will have the option of switching from their current pension to sheriff-provided pensions. Based on the slight advantage of the sheriff's pension plan, it is anticipated that police officers will switch to the sheriff's pension plan. There could be approximately 1,100 full-time city police (about 1,000 for the Indianapolis Police Department-IPD) affected by this bill. **If only Indianapolis Police switch to the Sheriff's pension plan, the estimated impact of this would be an annual increase of about \$1,350,000 in overall pension costs.** (This figure would increase somewhat with the addition of any excluded cities' police forces.) In addition, there would be an increase in the unfunded accrued liabilities of approximately \$7,800,000. The Marion County Sheriff's Department is funded through the county general fund.

**Fire Fighter Salary Expenditures:** The bill states that "the (Marion County) fire commissioner shall employ every officer...of a township..." The townships of Decatur, Franklin and Wayne have predominantly volunteer firefighter departments. The bill does not discuss with how fire protection and firefighter employment would be provided for Wayne Township, for example, which has an all volunteer force of 450 persons. It can not be presumed that all current volunteers (with other careers) would become paid members of the Marion County Fire Department. However, it is estimated that between 150 and 200 full-time, paid firefighters could replace current volunteers. **The estimated annual salary cost, using an average for IFD firefighter salaries (\$33,423 base), would be between \$5.8 M and \$7.8 M for Wayne Township alone.** The fiscal impact for townships and participating excluded cities with mixed career and voluntary firefighters forces is indeterminable. Pension expenditures for current career firefighters transferring to the consolidated agency remain the same. Additional expenditures for fire fighters would be provided by the Marion County Fire Department, which would be funded through the county general fund.

**Outstanding Debts:** All outstanding obligations from consolidated departments (e.g., loans and bonds) shall become payable by the Marion County Sheriff after December 31, 2001 and by the Marion County Fire Department after December 31, 2002. Current obligations are reflected in the tax rates and levies described in Tables 1 & 2 below.

**Conversion Expenditures:** Costs to Marion County to incorporate other police and fire units into consolidated units would entail standardizing equipment, such as uniforms, weapons as well as vehicles (repainting or accelerated purchase).

**Property Transfer:** All police and fire units' real, personal and mixed property (structures, equipment, etc.) will be transferred to new consolidated Marion County agencies. No estimate is made here of this value.

## Consolidation Savings Considerations

Experience in police consolidations suggests savings in redundant services and building lease contracts as well as auxiliary services such as communications, detention, evidence analysis, and training. Although

detention and evidence gathering have been consolidated in Marion County jurisdictions, there may be savings available from consolidation of communications and training facilities. However, studies have also indicated that police consolidation does not necessarily result in economies of scale nor does it necessarily cause increased efficiency or better service provision. (Information on firefighting service consolidation is assumed to be somewhat similar to police service consolidation.)

### One Consolidation Example

**California Highway Patrol:** The 1995 merger of 271 officers (and 68 non-uniformed employees) of the State Police with 5,713 officers of the Highway Patrol predicted an annual savings of about \$835,000 within two categories: personnel services and operating expenses & equipment. (*The total budget for CHP for FY 96 was \$751 M.*) Although the final savings result was undetermined, sources indicated that it came from vacating 12 leased facilities, eliminating duplicate contracts for services, and streamlining contracts for law enforcement services. Total expenditures were unavailable. No staff were eliminated.

**Explanation of Local Revenues:** (Revised) Consolidation, as described in this bill, would shift the property tax burden for fire and police services in Marion County from those areas that currently pay higher tax rates to areas that pay lower tax rates for these services. The rate and levy changes shown assume that the total levy would remain the same for fire and police services. If overall expenses are increased due to consolidation, then the funding of the additional expense could come from an increased property tax levy (within maximum levy limits). If overall expenses are reduced due to consolidation, then the property tax levy could be reduced. Any change in the levy would be shared by all areas served by the consolidated services.

**Two Property Tax Scenarios:** The following represents consolidation of the IPD and Marion County Sheriff offices, and IFD and township fire departments. Excluded cities may opt into these consolidations. Table 1 describes consolidation of all units. Table 2 shows changes without excluded cities.

**Table 1      Estimated Effects on Gross Tax Rates and Levies  
(Indianapolis and Excluded Cities)**

Estimated Consolidated Tax Rate: 0.8450

|                              | <b>1998<br/>Effective<br/>Tax Rate</b> | <b>Estimated<br/>Rate<br/>Change</b> | <b>Estimated<br/>Levy<br/>Change</b> |
|------------------------------|--|--------------------------------------|--------------------------------------|
| <b><u>Fire Tax Rates</u></b> |  |                                      |                                      |
| Decatur Township             | 0.3008                                 | 0.5450                               | \$1,039,704                          |
| Franklin Township            | 0.5335                                 | 0.3123                               | \$702,032                            |
| Lawrence Township            | 0.5026                                 | 0.3432                               | \$2,553,821                          |
| Perry Township               | 0.7642                                 | 0.0816                               | \$482,667                            |
| Pike Township                | 0.7710                                 | 0.0748                               | \$789,975                            |
| Warren Township              | 0.7252                                 | 0.1206                               | \$922,134                            |
| Washington Township          | 0.6621                                 | 0.1837                               | \$1,993,665                          |
| Wayne Township               | 0.6019                                 | 0.2439                               | \$1,865,520                          |
| <br>Lawrence Civil City      | <br>0.5190                             | <br>0.3268                           | <br>\$827,065                        |

|                        |        |          |                |
|------------------------|--------|----------|----------------|
| Beech Grove Civil City | 0.9624 | (0.1166) | (\$147,399)    |
| Speedway Civil Town    | 0.5622 | 0.2836   | \$550,742      |
| Indianapolis           | 1.2770 | (0.4312) | (\$11,579,926) |

**Police Tax Rates**

|                                   |        |          |                |
|-----------------------------------|--------|----------|----------------|
| Lawrence Civil City               | 1.1453 | (0.0726) | (\$183,626)    |
| Beech Grove Civil City            | 1.6228 | (0.5500) | (\$695,597)    |
| Speedway Civil Town               | 1.1734 | (0.1006) | (\$195,273)    |
| Southport Civil City              | 0.8419 | 0.2309   | \$29,051       |
| Indianapolis                      | 1.9473 | (0.8745) | (\$26,517,251) |
| Marion County - Outside of Cities | 0.5338 | 0.5390   | \$27,558,732   |

**Table 2      Estimated Effects on Gross Tax Rates and Levies  
(Excluded Cities Not Included)**

|                                   | <b>1998<br/>Effective<br/>Tax Rate</b> | <b>Estimated<br/>Rate<br/>Change</b> | <b>Estimated<br/>Levy<br/>Change</b> |
|-----------------------------------|--|--------------------------------------|--------------------------------------|
| <b><u>Fire Tax Rates</u></b>      |  |                                      |                                      |
| Decatur Township                  | 0.3008                                 | 0.5602                               | \$1,068,657                          |
| Franklin Township                 | 0.5335                                 | 0.3275                               | \$736,147                            |
| Lawrence Township                 | 0.5026                                 | 0.3584                               | \$2,666,750                          |
| Perry Township                    | 0.7642                                 | 0.0968                               | \$572,426                            |
| Pike Township                     | 0.7710                                 | 0.0900                               | \$950,237                            |
| Warren Township                   | 0.7252                                 | 0.1358                               | \$1,038,169                          |
| Washington Township               | 0.6621                                 | 0.1989                               | \$2,158,365                          |
| Wayne Township                    | 0.6019                                 | 0.2591                               | \$1,981,597                          |
| Indianapolis                      | 1.2770                                 | (0.4160)                             | (\$11,172,348)                       |
| <b><u>Police Tax Rates</u></b>    |  |                                      |                                      |
| Indianapolis                      | 1.9473                                 | (0.8873)                             | (\$26,904,965)                       |
| Marion County - Outside of Cities | 0.5338                                 | 0.5262                               | \$26,904,966                         |

**Tax Impact Summary:** In both scenarios above, township taxpayers would pay more for fire protection. Taxpayers in Lawrence and Speedway would pay more and Beech Grove taxpayers would pay less for fire protection if the excluded cities were part of the consolidation. Southport does not provide fire services. In both cases, taxpayers served by the IFD would pay less.

In both scenarios, Marion County taxpayers who are located outside of both the excluded cities and the IPD jurisdiction would pay more for police protection. Taxpayers in Lawrence, Beech Grove and Speedway would pay less, and Southport taxpayers would pay more for police protection if these excluded cities

became part of the consolidation. In both scenarios, taxpayers served by IPD would pay less for police and fire protection.

**State Agencies Affected:** State Board of Tax Commissioners

**Local Agencies Affected:** Police and fire departments of Indianapolis, Speedway, Southport, Lawrence and Beech Grove; Marion County township fire departments; Marion County Sheriff.

**Information Sources:** *Police Agency Consolidation: Lessons from a Case Study*, Stephen D. Mastrofski from *Police Practice in the '90s: Key Management Issues*, ICMA, 1989; Dan Jones, Marion County Auditor's Office, 327-3010; Calif. Legislative Analysts Office ([www.lao.ca.gov](http://www.lao.ca.gov)); Calif. Highway Patrol ([www.chp.ca.gov](http://www.chp.ca.gov)); IFD 1997 Overview, ([www.ci.indianapolis.in.us/ifd/overview97.htm](http://www.ci.indianapolis.in.us/ifd/overview97.htm)); Doug Todd, McCready & Keene, Inc., 576-1508; Steve Buschmann, Buschmann, Carr & Shanks, 636-5511; Local Government Data Base.